

# Introduction to trade marks

## What is a trade mark?

A trade mark is a sign that identifies and distinguishes the goods or services of one trader from those of other traders.

Their main purpose is to create a distinctive and preferably memorable brand that customers associate with quality products or services. Satisfied customers will be more likely to buy the same brand again and refer the brand to others. A strong brand therefore helps a business both gain and retain its customers.

A trade mark typically consists of a word or logo but may also be a smell, sound, shape, colour or picture.

## Unregistered trade marks

New Zealand offers protection for unregistered trade marks. Common law rights are obtained in an unregistered trade mark simply by using the mark.

Consistent use builds value by way of reputation and for some companies an effective trade mark can become their most valuable asset.

When using unregistered trade marks, they should be referred to in **BOLD CAPITALS** and in conjunction with the <sup>TM</sup> symbol.

There are two ways that you can assert your common law rights in an unregistered trade mark:

- The Fair Trading Act (FTA): trade mark owners can take legal action against others who are using their trade mark without authorisation if that use is commercial use that misleads or deceives the public
- Passing Off: this prohibits other traders from passing off their goods or services as those of another

In order to be successful under the FTA or passing off, the trade mark needs to be have been used long enough to become a well-recognised brand.

A general rule of thumb is that two years of consistent, nationwide use will be enough to show the necessary reputation. If you have not been using the trade mark for a sufficient amount of time, it is easier for competitors to argue that their use of a similar mark is not misleading or deceptive.

The remedies available to those who are successful in court under the FTA or passing off include compensation for loss or damage, an account of the offender's profits, fines or an injunction to stop the offending activity.

The main disadvantage of not registering your trade mark is that actions under the FTA and passing off can be difficult to prove as you will first need to present evidence of your own reputational rights. This can be compared with registered trade marks, which provide instant evidence of a valid right.

## Registered trade marks

A registered trade mark has gone through a formal registration process with the Intellectual Property Office of New Zealand (IPONZ).

Once registered, the ® symbol can be used to denote the trade mark. This acts as a warning sign to other traders to avoid using the mark or one that is similar.

Trade mark registration offers a number of benefits:

- It provides the trade mark owner with an exclusive, nationwide right to the trade mark for the specific goods or services covered by the registration, even if the mark is not being used at the time of registration
- The trade marks register is a publicly searchable database. Therefore competitors intending to register the same or a similar trade mark can see that yours is protected. This can deter them from adopting the same or a similar mark
- Trade mark registration makes it easier to stop others from using the trade mark or one that is similar
- A registered trade mark is a business asset and can be sold, assigned or licenced to another person or business

The penalties for infringement of a registered trade mark are generally more substantial than those available to owners of unregistered marks. They may include damages, an account of profits earned by the infringer, court costs and surrender of all material carrying the infringing trade mark.

In the majority of cases, court action is not necessary to stop infringement of a registered trade mark. This is because registration provides clear evidence of ownership and the right to exclusive use of the mark, irrespective of where in New Zealand the trade mark is used.

---

Baldwins IP is committed to helping individuals and businesses make the most of their intellectual property. Our services cover all aspects of intellectual property management, from acquisition of intellectual property rights to strategic development and enforcement. Baldwins also offers commercial law services including preparation and review of agreements and contracts. Please contact Tim Stirrup (09 966 9762; tim.stirrup@baldwins.com) for further details on how we can assist.

---